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United States Department of the Interior

OFFICE OF SURFACE MINING

Reclamation and Enforcement

Western Region Office

1999 Broadway, Suite 3320

Denver, CO 80202-3050

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DIV. OF OIL, GAS & MINING

John Baza, Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

**RE: Partial Phase III Bond Release, Horse Canyon Mine, Permit No. UT-007-013
DOGM Proposed Decision and Findings of Compliance, June 25, 2012 (Task ID #4090)**

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase III Bond Release Proposed Decision document prepared by the Division of Oil, Gas, and Mining (DOGM) dated June 25, 2012. DFD agrees with the findings and decision document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.

This Phase III bond release request applies to approximately .49 acres in the Ditch #31 Area (Refuse Pile). OSM finds that Utah American Energy has met or exceeded the requirements for Phase III bond release on the .49 acres of land described above. DOGM currently holds a performance bond in the amount of \$1,807,000.00. Utah American Energy is requesting an \$8000.00 reduction in bond. DOGM has determined that the remaining bond amount of \$1,799,000.00 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with DOGM's decision.

Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Elizabeth Shaeffer, Environmental Protection Specialist at eshaeffer@osmre.gov or (303) 293-5025.

Sincerely,

Christa Baha - Acting

Kenneth Walker, Chief
Denver Field Division

cc: Daron Haddock, DOGM
UtahAmerican Energy Inc.